WINTON CAPITAL MANAGEMENT LIMITED

Winton Futures Fund – USD Class B

December 2013

1-5 St Mary Abbot's Place
London W8 6LS

Tel: +44 (0)20 7610 5350
Fax: +44 (0)20 7610 5301

The Winton Futures Fund Class B gained 0.37% in December 2013 to bring its compound annual average to 14.46%.

December has proved to be a relatively quiet month. The US federal reserve announced a very slight tapering of their regular monthly assets purchases, which amounts to them buying $75 billion of securities each month instead of $85 billion. Additionally, Mr Bernanke announced a hardening of the Fed's "forward guidance" language opening the door to accommodative interest rates in the United States until more specific unemployment and economic targets are met. Initially, equity markets disapproved of the "taper" before turning about face with a very positive reaction to the prospect of prolonged record low interest rates. Fixed income markets continued to make no plans for imminent interest rate rises. The Japanese yen fell further, with the Fed's announcement only serving to drive it to new lows.

Sugar continued its decline, having now formed an impressive downward trend since the Brazilian warehouse fires. Gold also continued to fall, with the spot price reaching levels not seen since 2010. Below average temperatures during December and low storage levels were blamed for US Natural Gas continuing to rise, with prices now back to the levels last seen during the spring.

Performance Review

As 2013 draws to a close and my body recovers from having eaten an excess of turkey and mince pies I thought that I should pause and look back over the last 12 months (the following analysis is based on the USD Class B Lead Series). Overall the fund has achieved an annual net return of 9.4% which, given the poor performance of CTA benchmarks, should be considered a respectable result.

Given the rise in equity markets this year it is not a total surprise that this is where the fund made substantial gains. The return during 2013 from stock indices alone was 10.6% gross, with both American and Japanese markets making strong contributions. Precious metals and currencies made almost identical gains at 2.2% and 2.0% respectively, and hence tied for joint second place on the winners board. Both gold and silver contributed to the positive performance within precious metals. As a result of a prolonged trend the Japanese yen was by far the most lucrative currency market, with the Swiss Franc, Australian dollar and Canada dollar all united in making losses.

Crop markets were the next largest contributor in 2013 with a return of 1.6%. Coffee, the soybean complex, wheat and sugar all made significant positive contributions, whilst corn and cotton were the two worst performers. The final sector to make a gain in 2013 was livestock with a return of 0.2%. Base metals made a loss this year with an overall return of -0.1%, however losses were not uniform with the gains made in copper almost perfectly offsetting losses in aluminium. Energy markets also lost money, with all markets except US Natural Gas being a drag on performance. Fixed income markets sit at the bottom of the pile, with losses of -3.5% in bonds and -2.0% in short term rates. Losses were suffered at all points across the US and European yield curves, however Italian "BTP" and French "OATS" proved to be an exception with slight gains.

We witnessed a strong performance from the increased allocation to cash equities, with a total contribution of 3.1% gross. This is in excess of what we would expect in a typical year, which at current risk levels would be around half this. The two biggest contributions came from the Consumer Discretionary and Financials sectors, whilst the losers were Energies and Telecoms.

In terms of strategy performance we estimate that half of this year's gains were from Trend Following systems, one quarter from our Cash Equity systems, 7% and 6% from Relative Value and Carry strategies respectively and a further 11% from the remaining collection of systems that operate on futures markets.

So overall we are satisfied with this year's performance. Whilst we would not wish to exaggerate the significance of a single year it has further boosted our confidence in continuing with our strategy to become more than just a trend following CTA. I have written to Father Christmas offering to forego my present in exchange for a repeat performance during 2014. I have yet to hear back from him, and so I think it is safest to assume that both our absolute and relative performance will not always look so flattering.

Is faster better?

There is a long history of practitioners within the financial markets using "technical analysis" to take investment decisions based on patterns in historical price data. The acronym CTA has now become almost synonymous with "trend following" strategies, where the pattern in question is simply whether a market price has risen or fallen in recent history. I have often encountered the presumption that for trend following strategies "faster" is better. Is it the case that a small CTA running a fast trend following system can be profitably trading ahead of a lumbering giant like Winton? Have we become an investment management dinosaur? We have put together a working paper on just this subject and I will now give a brief summary of our results. The full working paper is available to all clients on request.

We undertook a study across 20 major futures markets over almost 30 years' worth of data. In this study we looked at three simple trend following systems with different levels of turnover. The fastest system had a turnover of around one week, the medium speed system had a turnover of around six weeks and the slow system a turnover of around 13 weeks. The aim of the study was to understand how effective these three systems have been at forecasting market returns through time.

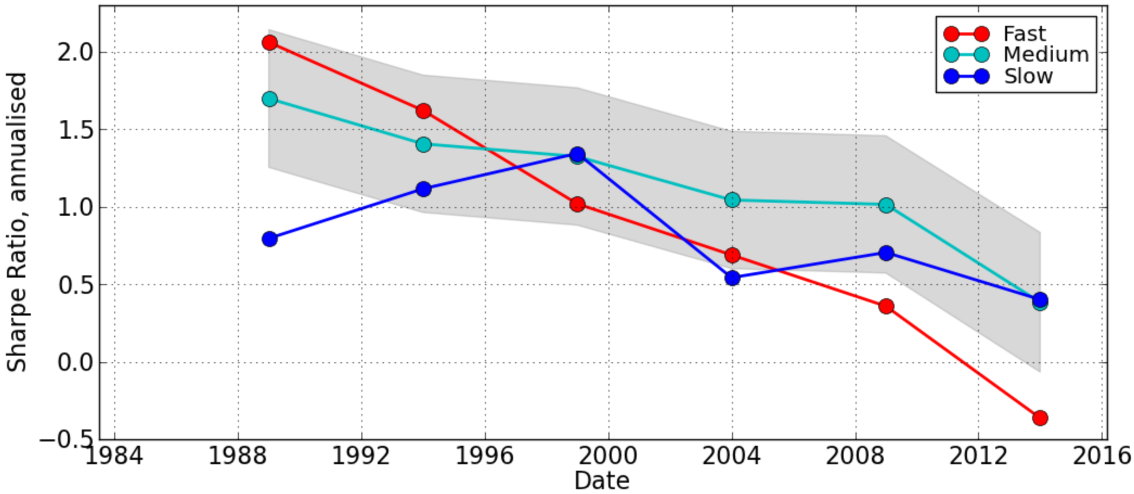
Winton Futures Fund – USD Class B

December 2013

1-5 St Mary Abbot's Place
London W8 6LS

Tel: +44 (0)20 7610 5350
Fax: +44 (0)20 7610 5301

The chart below shows the gross performance for a 20 market portfolio in six separate five year periods, for each of our three trend following strategies. The uncertainty (or "standard error") of these estimates is shown in grey around the results of the medium strategy, and tells us how much variation we would expect to see just due to intrinsic uncertainty. What we mean by intrinsic uncertainty is that even if the effect we are measuring is unchanged we would still expect to encounter some measurement error when looking at just five years' worth of data. (Think of this like trying to estimate the chance of getting heads when flipping a coin based only on a small number of tosses).



While all three portfolios have shown a reduction in performance, it is the fastest system that has declined the most. When we crunch the numbers we see that the difference between the first and last five year periods for the fastest system is highly significant. This implies that this effect really has weakened.

One glaring omission from this study is the issue of transaction costs. We have concentrated on the raw effect size and not attempted to make any claims as to its potential economic usefulness. In order to understand its real economic significance it is necessary to consider brokerage fees, market impact (or slippage) and any other associated costs. Furthermore in the context of this study it would be necessary to understand and make assumptions about how the cost of trading has altered over the past 30 years.

We have not yet speculated about the causes of the decline in performance. One possible explanation is the growing volume of assets in trend following strategies. Such an argument would be based on the premise that the more people who know about an "opportunity" in financial markets, the less likely it is to persist. A second possible explanation is that the effectiveness of faster systems has weakened in response to reducing transaction costs. A steady reduction in costs over the last 30 years could explain this reduction in performance, but our own experience of using fast systems tells us that this is, at best, only a partial explanation. A third explanation is that some exogenous change is responsible. Indeed the recent poor performance of trend following strategies has been blamed on the intervention of central banks curtailing trends in markets.

These three explanations are purely speculative and we do not seek to suggest which, if any, of them is the most plausible. It is also not possible to extrapolate our results into the future with any confidence. All we can say is that the strength of the momentum effect has not been historically stable, and so we have no reason to think it will be in future. Taking all the data at face value the outlook is unclear, except that our results suggest that fast is not always best, and that perhaps patience is rewarded.

I'd like to point out a new addition to the newsletter – the Upcoming Events box at the bottom of this page. As you may know Winton is a passionate believer in research and science education for all ages. To encourage those aims we sponsor and support a number of lectures and exhibitions throughout the year, primarily in London. If any of our investors wish to attend one (or more) of these events please click on the links for more details and to contact our Events Team.

Finally I'd like to wish all our investors good fortune during 2014...though in true Winton style, while I really, really, want to, I cannot promise that will come from the Fund!

Matthew Beddall

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Upcoming Events

Lectures & Talks

CERN collider
Science Museum

Beautiful Science
British Library

Winton Futures Fund - USD Class B (Lead Series)

December, 2013

Fund Description

The Winton Diversified Program employs a systematic, quantitative, research-driven approach towards the speculative trading of futures, options, forwards, equities and CFDs on markets worldwide. The investment objective is to achieve long-term capital appreciation through compound growth. The success of the strategy does not rely on favourable conditions in any particular market or on general appreciation of asset values.

Applying scientific methods to devise successful investment strategies forms the basis of Winton's investment philosophy. The Firm utilizes advanced statistical techniques to study huge datasets about the past movements of financial prices and other possibly related variables taken from a wide range of markets and sectors. This research seeks to identify patterns and explanatory variables with statistically significant predictive power over future returns in financial assets.

Lowly correlated investment strategies are combined into a highly diversified portfolio and are dynamically adjusted. Risk management is core to the portfolio construction process and positions are sized according to their forecasted risk, resulting in a volatility-controlled program. Execution strategies are tailored to the specificities of each market and are primarily algorithmic. WDP uses proprietary models to project transaction costs and feeds this information in real-time into the allocation process so that only trades with attractive expected returns post-transaction costs are executed by the Program.

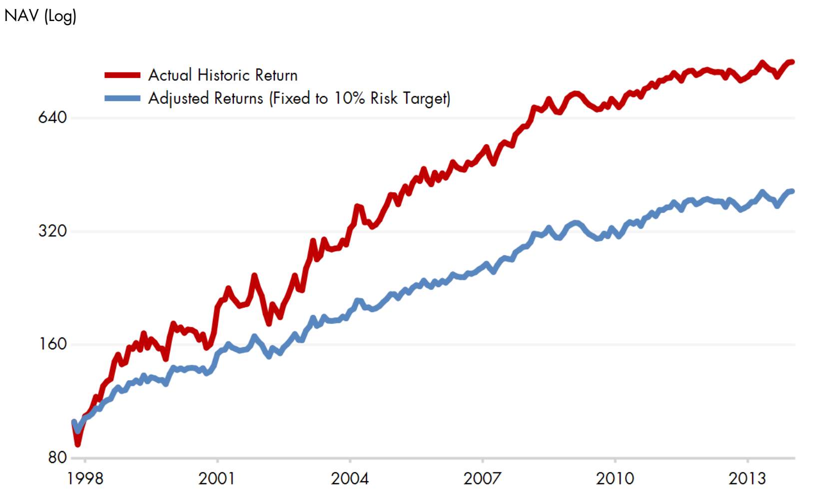
Recognising that financial markets are live systems and that predictive effects evolve over time, the models employed by the Winton Diversified Program are continuously improved by the Firm's leading research effort.

NET PERFORMANCE (%)/ STATISTICS

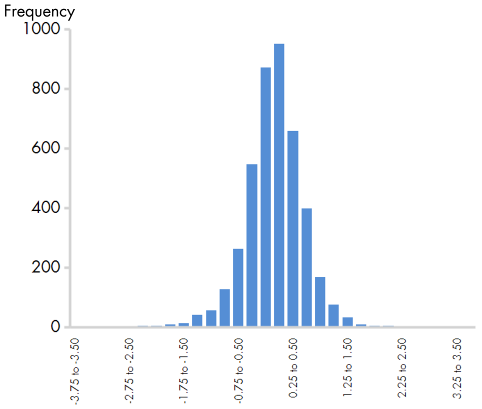
USD Lead Series NAV (USD)	897.89
Net Monthly Return	0.37
Net Year to Date	9.42

Sharpe Ratio wrt 3mth Tbill	0.74
Sortino Ratio wrt 3mth Tbill	1.23
Return Over Last 12 Months (%)	9.42
Average Monthly Gain (%)	4.40
Average Monthly Loss (%)	-3.18
Trailing 12m Volatility (calculated using daily rtns, %)	7.46
Largest Drawdown Last 12 Months (%)	8.36
% Winning Months	58
% Losing Months	42

NET PERFORMANCE SINCE INCEPTION (USD)[1]

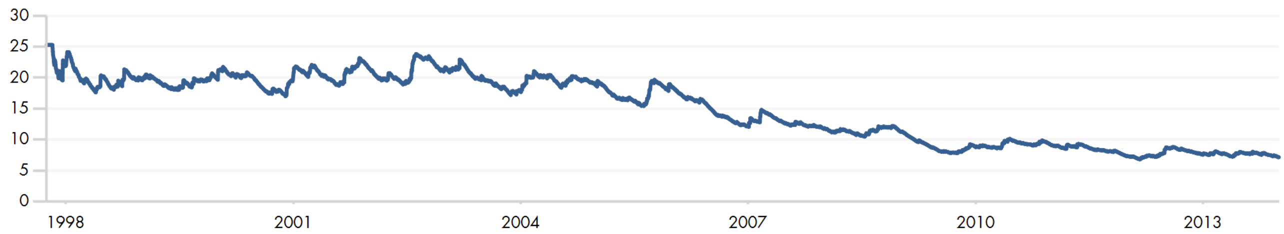


DISTRIBUTION OF DAILY % RISK ADJUSTED RETURNS[1]



PERFORMANCE BY SECTOR (%)[2]

ANNUALISED STANDARD DEVIATION OF RETURNS (%)[3]



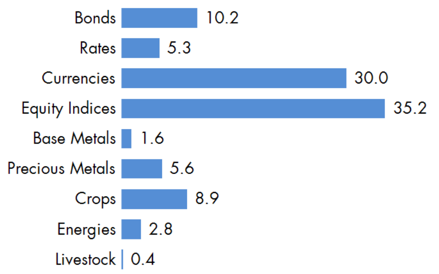
Please read the important notes and disclaimer at the back of this document.

WINTON CAPITAL MANAGEMENT LIMITED

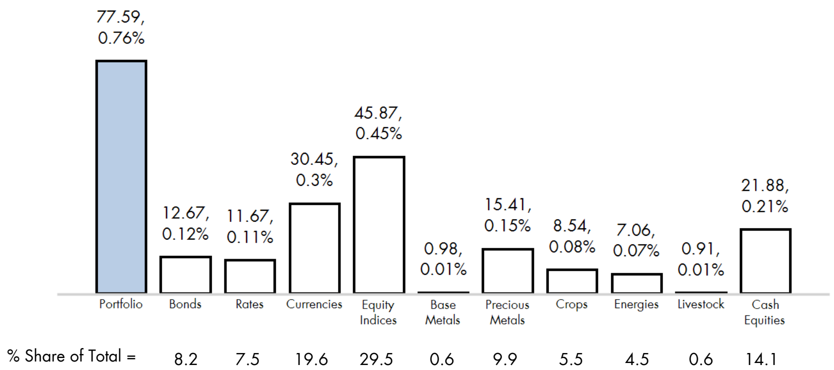
Winton Futures Fund - USD Class B (Lead Series)

December, 2013

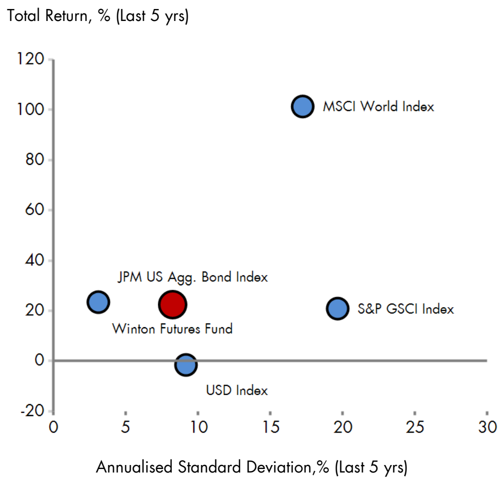
FUTURES STRATEGY MARGIN ALLOCATION (%)[1]



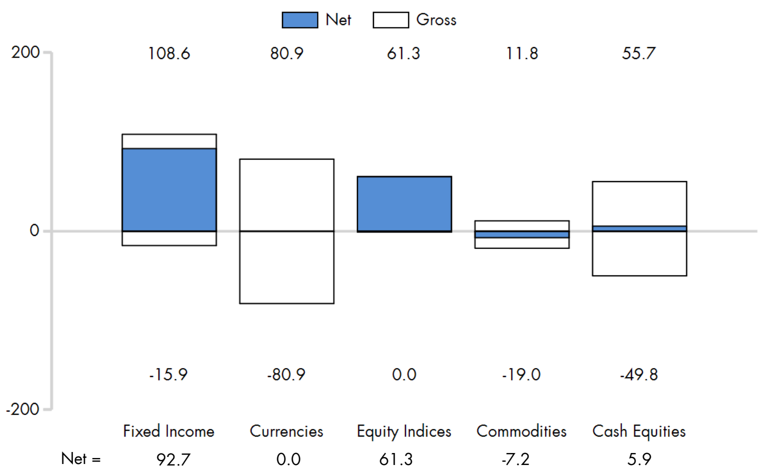
AVERAGE SECTOR 95% VAR OVER MONTH (USD ml, % of Fund)[2]



ANNUALISED STANDARD DEVIATION/TOTAL RETURN



LONG/SHORT GROSS AND NET % EQUITY[3]



CORRELATION TO FUTURES FUND (%)[4]

Time Period	JPM US Agg. Bond Index	MSCI World Index	S&P GSCI Index	USD Index
Since Inception	0.22	0.01	0.18	-0.14
Last 7 Years	0.18	-0.05	0.05	-0.09
Last 5 Years	0.28	0.02	0.03	-0.03
Last 3 Years	0.49	0.08	0.06	-0.04
2013	0.66	0.74	-0.37	-0.35
2006	-0.13	0.82	0.48	-0.60
2004	0.51	0.46	0.26	-0.56
2001	0.77	-0.35	-0.36	0.26

-1 0 1

RISK OVERVIEW AT END OF MONTH

1 day Percentage VaR at 95% confidence level[5]:	0.8%
1 day Dollar VaR at 95% confidence level (USD, ml)[5]:	$77.3
Gross Notional Exposure (US$, bn)[3]:	$41.1
Net Notional Exposure (US$, bn) [3]:	$15.6
Gross Notional Exposure to Cash Equities (US$, bn)[6]:	$10.8
Net Notional Exposure to Cash Equities (US$, bn) [6]:	$0.6
Broker Margin to Equity (Overall Monthly Average):	12.7%
Broker Margin to Equity (Futures Strategy Monthly Average):	7.6%
Sensitivity with Respect to Global Assets[7]:	
MSCI World drops 1%:	-0.87%
MSCI World drops 1% (Futures Strategy only):	-0.84%
Dollar Index drops 1%:	0.41%
Crude Oil drops 1%:	0.03%
JPM U.S. Aggregate Bond Index (US ABI) drops 1%:	-1.11%

(Current Modified Duration figure of the US ABI is 5.66 years)

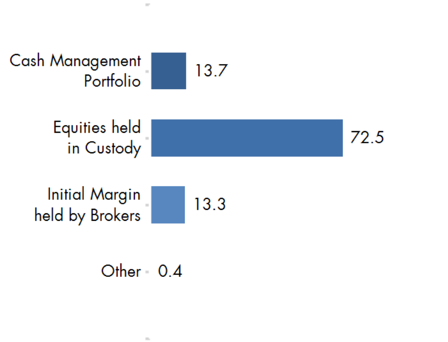
Please read the important notes and disclaimer at the back of this document.

WINTON CAPITAL MANAGEMENT LIMITED

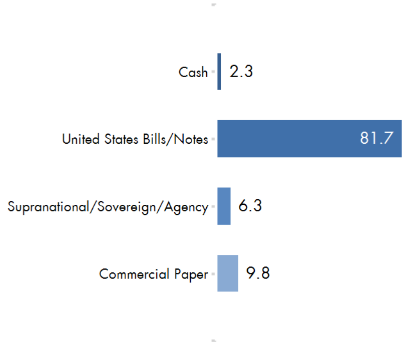
Winton Futures Fund - USD Class B (Lead Series)

December, 2013

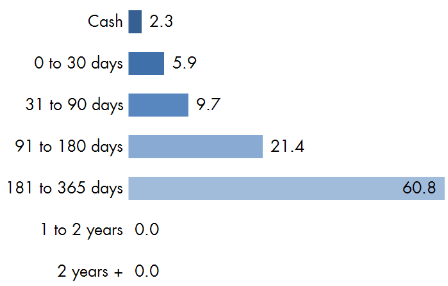
FUNDING SUMMARY (%)[1]



CASH MANAGEMENT BY INSTRUMENT(%)[2]



CASH MANAGEMENT BY MATURITY(%)[2]

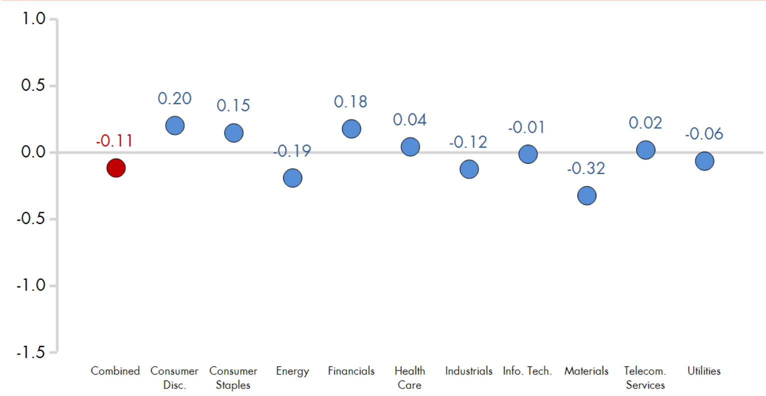


NET MONTHLY RETURNS (%)

e = estimate

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Jan		1.50	-1.39	-3.96	4.38	-10.13	5.95	2.72	-5.38	4.20	3.86	3.85	0.99	-2.64	0.08	0.63	2.51
Feb		3.27	3.61	1.72	0.56	-6.04	11.95	11.56	6.58	-2.58	-5.93	7.95	-0.21	2.33	1.51	-0.83	0.17
Mar		7.38	-3.98	-3.28	7.09	12.62	-10.80	-0.80	4.64	4.01	-3.95	-0.66	-1.64	4.91	0.25	-0.68	2.66
Apr		-1.63	10.51	2.06	-5.31	-3.76	2.45	-8.62	-4.21	5.66	6.46	-0.99	-3.01	1.75	3.00	0.12	3.41
May		8.53	-8.39	-0.26	-2.61	-3.96	10.19	0.28	6.62	-2.94	5.05	1.99	-2.03	-1.01	-2.16	-0.22	-2.40
Jun		2.97	5.29	-1.27	-2.66	7.95	-5.20	-2.96	3.13	-1.17	1.91	5.06	-1.26	1.47	-2.51	-3.17	-1.77
Jul		1.51	-2.01	-4.58	0.66	4.71	-0.68	1.33	-1.85	-0.47	-1.18	-4.63	-1.52	-2.78	4.59	4.41	-0.63
Aug		10.99	-3.47	3.23	0.56	6.04	0.62	3.09	7.63	4.54	-0.88	-3.00	0.32	4.78	1.43	-1.29	-3.80
Sep		4.51	-0.17	-7.76	4.64	7.63	0.26	5.14	-6.17	-1.10	6.99	-0.41	2.85	0.94	0.16	-2.18	3.47
Oct	-12.97	-5.70	-6.20	2.09	13.75	-7.96	4.72	4.03	-2.95	1.48	2.52	3.73	-1.59	2.51	-2.59	-2.54	3.20
Nov	9.96	1.15	13.93	7.33	-7.10	-0.69	-2.48	6.37	7.32	3.24	2.42	4.97	5.12	-2.01	0.97	1.00	2.20
Dec	8.14	9.50	9.04	16.81	-5.15	14.16	10.27	-0.19	-4.37	2.14	0.24	2.10	-2.45	3.75	1.65	1.36	0.37
YTD	**3.49**	**52.18**	**15.07**	**10.44**	**7.12**	**18.34**	**27.76**	**22.63**	**9.73**	**17.83**	**17.97**	**20.99**	**-4.63**	**14.46**	**6.29**	**-3.56**	**9.42**

CASH EQUITY PERFORMANCE BY SECTOR (%)[3]



FUND OVERVIEW

Assets in Fund - All Classes (USD equivalent, bn):	10.2
Assets in Class (USD,bn):	7.2
Assets in Strategy (USD equivalent, bn):	24.6
Assets in Firm (USD equivalent, bn)	25.3
Minimum Investment:	US$1 million or €, £, ¥ equivalent
Management Fee:	1%
Performance Fee:	20%
Domicile:	British Virgin Islands
Exchange Listing:	Irish Stock Exchange
Administrator:	Citco Fund Services (Cayman Islands) Limited,
Sub-Administrator:	Citco Fund Services (Ireland) Limited

Please read the important notes and disclaimer at the back of this document.

Winton Futures Fund - USD Class B (Lead Series)

December, 2013

REPORT NOTES

Data is sourced from Winton Capital Management Limited and is to end of the month specified in this report unless otherwise stated.

Page 1

1 From Oct 1997 to Dec 2008, returns have been adjusted using a simulated risk target of 10%. From Jan 2009 onwards, actual unadjusted returns of the Winton Futures Fund are shown. A long term risk target of approximately 10% is in line with current portfolio goals. The accompanying disclosure regarding simulated data shown below is integral to this report.

2 Cash Equities sector: performance of derivatives used for hedging purposes are included in this sector's returns. All sector returns are estimated based on gross figures.

3 Exponentially smoothed standard deviation of the Winton Futures Fund USD class B lead series.

Page 2

1 Margin required to cover positions held as part of the cash equity strategy have been excluded from this chart. Margin estimate based on outright exchange member minimum margin requirements, calculated as an average over the calendar month.

2 Based on the daily estimated US$ VaR by sector, averaged over the calendar month. This calculation recognises diversification within but not between sectors and as such the arithmetic sum of the dollar amounts shown will not equal the total USD VaR of the Winton Futures Fund portfolio. One day VaR values shown are at the 95% confidence level, using the Student-T distribution with 5 degrees of freedom. 'Cash Equities' sector include cash equities, CFDs and equity index futures held for hedging purposes.

3 Bond market figures have been calculated by multiplying the bond's notional value by the ratio of the bond's modified duration (dv01) to the modified duration of a ten year treasury note. Similarly, the notional values for short-term interest rate markets are calculated by adjusting the exposure to be approximately equivalent to the ten year treasury note. Bond markets and short-term interest rate markets are combined into a single sector named 'Fixed Income'. 'Cash Equities' exposure includes hedging positions which may use instruments other than cash equities. Gross currencies exposure shows the sum of exposures to individual currencies. By definition, long and short currency exposures net to zero. Portfolio exposure is calculated as the sum of the sector exposures.

4 2001, 2004 & 2006 represent the years when the Fund was most correlated with the respective indexes. USD Index refers to the Dollar Index spot rate.

5 One day VaR values shown are at the 95% confidence level, using the Student-T distribution with 5 degrees of freedom.

6 Leverage has been calculated according to Winton's methodology and accounts for the direct offsetting effect of Index hedging positions.

7 Portfolio sensitivities have been calculated by estimating how correlated each of the positions in our portfolio are with respect to the factor in question. Hence these calculations assume that our position remains unchanged and that the correlation structure of the portfolio remains fixed. Reference assets used in the calculation are: MSCI World USD (BB ticker: NDDUWI), Dollar Index futures (BB ticker: DXA), WTI CRUDE futures (BB ticker: CRUDEC1), JP Morgan U.S. Aggregate Bond Index (BB ticker: JGAGUSUS).

Page 3

1 Cash Management Portfolio contains market value of cash holdings and fixed income instruments held in custody. 'Equities held in Custody' contains exposure of fully funded cash equities as valued by the custodian. Initial Margin held by Brokers includes exchange-traded derivatives margin and prime broker margin on cash equities and CFD positions. 'Other' includes clearing cash/Unrealised P&L/CME Shares/Pledged Acct excluding Initial Margins.

2 Cash sector includes excess cash balances recalled from Prime Brokers ('PBs') due to any positive performance the previous day and any monthly liquidity needs of the Fund. Excludes Cash held at the Clearing Accounts or the PBs. All holdings are AAA (United States Bills/Notes and Supranational/Sovereign/Agency) or Prime (Commercial Paper). Any temporary negative cash balance is covered by the positive holdings of Cash Instruments. Maturity breakdown excludes cash balances if negative.

3 All sector returns are estimated based on gross figures and account for the performance of index hedging positions.

LEGAL DISCLAIMER

Simulated Data – This document contains results based on simulated or hypothetical performance results that have certain inherent limitations. Unlike the results shown in an actual performance record, these results do not represent actual trading. Also, because these trades have not actually been executed, these results may have under- or over-compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated or hypothetical trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any investment will or is likely to achieve profits or losses similar to those being shown.

This document has been prepared by Winton Capital Management Limited ("WCM"), which is authorised and regulated by the UK Financial Conduct Authority, registered as an investment adviser with the US Securities and Exchange Commission ("SEC"), registered with the US Commodity Futures Trading Commission and a member of the US National Futures Association.

The information herein does not constitute an offer to sell or the solicitation of any offer to buy any securities. In particular, it is not an offer or sale of securities in the United States or to, or for the account or benefit of, any US person (as defined in relevant US securities laws, including residents of the United States or partnerships or corporations organised there). The funds established by WCM ("Funds") have not been registered under the US Investment Company Act of 1940 and interests therein are not registered under the US Securities Act of 1933.

Investment in a Fund is speculative and involves substantial risks, including the risk of loss of an investor's entire investment. No guarantee or representation is made that a Fund will achieve its investment objective and the value of investments in a Fund may go down as well as up. Past performance is not necessarily indicative of future results. Certain investment techniques utilised by Funds, including investments in derivatives and short sales, can, in certain circumstances, substantially increase the adverse impacts to which the funds may be subject.

Prospective investors should consider all of the risks involved in an investment in a Fund and should therefore study the fund's prospectus including the description of "Risk Factors" before deciding to invest. Investments are to be made solely on the terms of the Fund's prospectus, subscription documents and constitutional documents and no reliance should be placed on the information herein. Prospective investors should take appropriate investment, legal and accounting advice and inform themselves as to applicable legal requirements, exchange control regulations and taxes in the countries of their citizenship, residence or domicile.

The information herein is subject to updating and further verification and may be amended at any time and WCM is under no obligation to provide you with an updated version. WCM has used data and information that it believes to be accurate and complete as of the date of this document although it should be noted that data provided may be approximate numbers. However, WCM neither represents nor warrants the accuracy or completeness of the information contained in this document and accepts no liability for any inaccuracy or omission.

This document and the information contained within it are highly confidential and intended solely for the use of the individual or entity to whom they are addressed or those who have registered on the WCM website. You should not disseminate, distribute or copy this document or any of the information contained within it. If you are not the intended recipient, you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.